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21 February 1963

CURRENT INTELLIGENCE WEEKLY SUMMARY



State Dept. review completed

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

USAF review(s) completed.

NAVY review completed.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

21 February 1963

T H E W E E K I N B R I E F
 (Information as of 1200 EST 20 Feb)

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SOVIET FOREIGN POLICY DEVELOPMENTS Page 3

Khrushchev's decision to withdraw "several thousand" Soviet military personnel from Cuba probably was prompted by his desire to remove a major irritant in US-Soviet relations which, in his view, might cause another flare-up of the crisis and jeopardize prospects for new negotiations on such issues as Berlin. The decision also suggests that the main lines of Soviet-Cuban relations in the immediate future finally have been worked out after protracted and difficult negotiations.

At Geneva, the USSR has continued to stall on discussing a nuclear test ban, while urging other delegations to press the US to reduce its terms for an agreement.

Moscow is maintaining its ambivalent attitude toward the new Iraqi Government. While Foreign Minister Gromyko affirmed the USSR's desire for friendly relations and the Soviet Embassy in Baghdad stated that Soviet military aid would continue, the Soviet party central committee sharply denounced the new regime's suppression of Iraqi Communists.

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SOVIET HEAVY BOMBERS FLY NEAR AZORES Page 6

In a further extension of overwater operations by Soviet heavy bombers, two TU-95s on 13 February overflew a US Navy Task Group southeast of the Azores. The task group included the guided-missile frigate Bainbridge and the aircraft carrier Enterprise. Three times in the past month, US carrier units have been the object of Soviet aerial surveillance.

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IMPACT OF ADVERSE WEATHER ON BLOC ECONOMIES Page 7

Poor weather this winter--with its potential consequences for the economy--is causing concern throughout the Sino-Soviet bloc. It is too early to assess the effects on farm output for the entire year, but it seems clear that an outstanding performance is not likely, even if favorable weather ensues. Unusually severe weather in Eastern Europe is also causing serious problems for industry and is already threatening fulfillment of some of the 1963 economic plans.

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MIDDLE EAST DEVELOPMENTS Page 8

The new regime in Iraq, having repressed both Communist and Qasimist opponents, is turning to somewhat longer range problems, such as that of negotiating with the Kurds. Differences within the government are likely to become more pronounced, especially since non-Baathists are showing resentment over the predominant role the Baathists have taken thus far. Cairo continues to point to the Iraqi coup as an example to be followed in assaulting "reactionary" Arab regimes. [REDACTED]

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FACTIONAL TENSIONS INCREASING IN LAOS Page 9

The rift between the Pathet Lao and the neutralist military forces under Kong Le has deepened following the assassination of a key neutralist field commander. Kong Le has regrouped the bulk of his forces to improve his defense against the Pathet Lao's superior military strength. Premier Souvanna apparently feels confident enough of his own position to continue to accompany the King on his foreign tour. [REDACTED]

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SOUTH KOREAN CIVILIAN OPPOSITION Page 10

Junta leader Pak Chong-hui's offer to withdraw from politics gives civilian leaders an opportunity to take the initiative in the transition to representative government. However, long-standing factional disputes handicap the civilian politicians. Pak may be counting on wrangling among them to open the way for a new movement to draft him as a unity candidate for president. [REDACTED]

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COMMON MARKET DEVELOPMENTS Page 11

The diplomatic struggle over Britain's role in Western Europe has continued during the past week and become, if possible, more complicated than before. There are still efforts within the Common Market to devise an economic and political alternative to Britain's full membership, but London itself is skeptical that an acceptable formula will be found. Within the past few days, there has been a spate of rumors that Paris may be contemplating an initiative of its own toward an EEC-UK accommodation which would be linked with steps to strengthen the EEC internally. [REDACTED]

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THE ARGENTINE POLITICAL SCENE Page 14

Increasing political maneuvering is further straining Argentina's fragile stability. A key problem is the role to be played by the Peronists, who comprise about one quarter of the electorate, in the June general elections. This issue has caused serious divisions among the Peronists themselves, as well as among other political and military groups,

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PRE-INAUGURAL SITUATION IN THE DOMINICAN REPUBLIC Page 15

President-elect Bosch, just returned from a two-month trip abroad, has attacked what he calls "vested interests" and may be preparing action that would lead to a major political crisis. In a press interview, described by the US Embassy as "disappointingly demagogic," he claimed that he had obtained "three times as much aid" in Europe as he had in the US. Bosch's remarks on the proposed constitution, which he said should be "revolutionary," gave an impression that he backs those features that appear hostile to private property, business, and foreign investment. He is apparently already at sword's point with members of the outgoing regime

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SPECIAL ARTICLES**INDONESIA'S CAMPAIGN AGAINST MALAYSIA Page 1**

Week by week Sukarno is committing Indonesia more openly and more deeply to blocking the creation of a Malaysia Federation out of Malaya, Singapore, and the British-controlled Borneo territories. In Indonesian eyes, the proposed federation appears to be part of another colonialist scheme to prevent Indonesia from taking its rightful place as the dominant power in southeastern Asia. At the same time, the campaign against Malaysia serves Sukarno's domestic political purposes by keeping the army busy with an external problem and by taking public attention from chronic economic difficulties.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET FOREIGN POLICY DEVELOPMENTS**

Khrushchev's decision to withdraw "several thousand" Soviet military personnel from Cuba, which was conveyed to the US on 18 February, probably was prompted by his desire to remove a major irritant in US-Soviet relations which, in his view, might cause a new flare-up of the crisis and jeopardize prospects for resuming negotiations on such issues as Berlin. His concern to prevent further damage in his relations with President Kennedy has been reflected in Soviet propaganda which consistently distinguishes between "sober voices" in the US administration and "mad senators" who are ready to risk World War III.

The Soviet premier had informed President Kennedy on 20 November that Soviet ground combat units in Cuba would be withdrawn "in due course." The three-month delay in carrying out this commitment probably was due partly to Moscow's wish to avoid any appearance of a further hasty retreat under US pressure following the removal of the strategic missiles and the IL-28 jet bombers. Khrushchev probably felt also that a further substantial reduction in the Soviet military presence in Cuba would seriously aggravate the USSR's already strained relations with the Castro regime.

The decision to withdraw troops now suggests that the main lines of Soviet-Cuban relations in the period immediately ahead have finally been worked out after a period of reassessment in Moscow and difficult negotiations with the Cubans. The 1963 protocol to the Soviet-Cuban trade agreement, involving a new long-term credit to Cuba, was signed in Moscow on 7 Feb-

ruary. Moscow and Havana also announced on 26 January that the USSR, at Cuba's request, had agreed to send 400 technical specialists to Cuba during the following two months.

Divisive Tactics

The drumfire of Soviet criticism of President de Gaulle and Chancellor Adenauer continues. Moscow is seizing on any developments which can be used to exploit differences among the Western allies. Soviet propaganda claims that Bonn has endorsed US proposals for a multilateral NATO nuclear force and, at the same time, has refused to divert arms purchases from the US to France. Moscow alleges that Bonn's position has displeased the French and that British arms manufacturers will be the losers in West Germany's maneuvering between Washington and Paris. Moscow continues to expand on the prospects for increased Soviet-British trade.

De Gaulle is coming under increasingly direct Soviet attacks. Izvestia's authoritative commentator, N. Polyanov, called upon the "people in the Elysee Palace" to revise their policies and to realize that France's chances of attaining a leading role in Europe will not be enhanced by an attempt "to restore the Carolingian Empire which has long since collapsed." Pravda charged on 19 February that De Gaulle now has aligned himself with a class which has always opposed an alliance with the USSR.

Geneva Talks

The Soviet delegation at Geneva has continued to stall on consideration of a nuclear

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test ban and to maintain its "take it or leave it" attitude on Khrushchev's offer of two or three on-site inspections a year. These tactics are aimed at generating concern on the part of other delegations, particularly the eight neutrals, over lack of progress in the hope that they will increase pressure on the US to reduce its terms for a treaty.

Chief Soviet delegate Kuznetsov has shown no interest in scheduling a meeting of the three-power test-ban subcommittee of the 18-nation disarmament conference.

The Russians have concentrated much of their attention on Italy in seeking to bring pressure on the US.

There have been no further private Soviet hints that a compromise might be reached on the number of inspections. Moscow TASS, however, reported a suggestion by the UAR delegate at Geneva that the parties should meet each other's positions half way and agree to "four to five" inspections.

Iraq

Moscow is maintaining its ambivalent attitude toward the new regime in Baghdad. On the one hand, the Soviet party central committee statement pub-

lished in Pravda on 17 February condemned the regime's "mass reprisals" against Iraqi Communists and pointed out that this "bestial reaction" contradicts the policies proclaimed by the new government. The Soviet Embassy in Baghdad, on the other hand, publicly denied that the USSR had protested suppression of the local Communists. The embassy spokesman professed to have "no worry about the future," indicated that Soviet military aid will be continued under the agreements signed with the Qasim regime, and claimed that the new government had made it clear that it wants this aid to be continued.

The central committee statement was similar to earlier Soviet statements protesting the banning of the Algerian and Tunisian Communist parties in that it avoided any direct attack on the Iraqi Government and contained no warning that governmental relations would be affected. In denying that this statement constituted Moscow's official view, the Soviet Embassy in Baghdad took refuge in the old canard that "Pravda doesn't represent the official views of the Soviet Government." Gromyko expressed the "official" line when he told the Iraqi ambassador just prior to Soviet recognition that the USSR wishes to have friendly and cooperative relations with the new Iraqi regime.

The clandestine Communist radio in East Germany is continuing its violent assaults on the new regime as "vicious fascist elements" and urging the Kurds to join other anti-regime forces in opposing the

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government. Moscow radio felt moved on 18 February, however, to deny a Reuters report that it is interfering in Iraq's internal affairs by calling on the Kurds to rise against the new regime.

Laos

The Soviet leaders used the state visit of King Savang and Premier Souvanna Phouma of Laos to emphasize the USSR's constructive role in the Laotian settlement as evidence of its constant "striving for peaceful coexistence." Soviet propaganda gave extensive coverage to the six-day visit, and Moscow radio for the occasion ran an 11-day series of special broadcasts to Southeast Asia.

The joint communiqué issued at the end of the visit endorsed standard Soviet positions on general disarmament, banning nuclear weapons and their transfer to nonnuclear powers, and liquidation of foreign military bases. The statement expressing hope that the Sino-Indian border dispute will be settled "peacefully by talks" presumably was included on Soviet initiative since the Laotians have shown no previous interest in this question.

India

the Soviet Union remains willing to help India meet some of its urgent military requirements.

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SOVIET HEAVY BOMBERS FLY NEAR AZORES

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Soviet heavy bombers continue to extend their area of overwater operations. On 13 February, two TU-95 (Bear) four-engine turboprop bombers overflew a US Navy Task Group southeast of the Azores which included the guided-missile frigate Bainbridge and aircraft carrier Enterprise.

This is the first time that Soviet bombers are known to have flown south of Iceland and the flight may have been the longest ever made over water by such Soviet aircraft--a round-trip distance of about 6,100 nautical miles (n.m.) from the northwestern USSR. Heretofore, Soviet interest in the movement of US carrier task forces has been most evident in the North Pacific.

Bear aircraft may have flown a search mission for the task group on 12 February.

US fighter pilots based in Iceland visually identified them as Bears. One of the three bombers apparently turned back shortly after passing Iceland. The other two continued to the southwest

These aircraft could have flown to and from the Azores area

Early that afternoon, the Bainbridge's radar picked up two aircraft at about 180 n.m. to the northeast, heading toward the task group. When they were about 70 n.m. away, one aircraft was at an altitude of 32,000 feet and the other at 10,000 feet. The first flew over the Bainbridge at high altitude and was not sighted. The other, however, passed over the Bainbridge and Enterprise below a 1,500-foot overcast and was visually identified as a Bear with a red star on the fuselage and wings.

Both aircraft then turned and flew off to the north. About three hours later they were detected as they headed probably toward the northwestern USSR via the Norwegian Sea. US fighters based in Iceland made visual contact with the Bears some 150 n.m. east of Iceland.

The Soviets appear to be heightening their interest in the movements of US carrier units. For the third time in a month carrier units have been the object of aerial surveillance --the Kitty Hawk in the North Pacific from 27 January to 3 February, the Enterprise in the South Atlantic on 12/13 February, and the Princeton in the North Pacific from 13 through 16 February.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****IMPACT OF ADVERSE WEATHER ON BLOC ECONOMIES**

Poor weather this winter--with its potential consequences for the economy--is causing concern throughout the Sino-Soviet bloc. It is too early to assess the likely effects on farm output for the entire year, but it seems clear that an outstanding performance is not likely, even if favorable weather ensues. In addition to agricultural problems, unusually severe weather in Eastern Europe is causing serious problems for industry and is already threatening fulfillment of some of the 1963 economic plans.

Extreme cold and heavy snowfall in Eastern Europe have increased the requirements for fuel and power in industrial plants and homes at a time when rail and water transport of fuel have become more difficult. Water supplies have been reduced, some power lines have broken, and coal mining has been slowed. Some factories have been forced to shut down or to curtail production, and some schools and other institutions have been closed.

Restrictions have been imposed on the use of electricity in factories, households, and other establishments, and measures have been taken to ensure the movement of coal and other priority freight by rail. Construction and transport workers and troops have been used to clear roads and rails.

Severe cold in the satellites has made the distribution of already short fodder more acute, and there are some reports that livestock have frozen to death. Although the heavy snow cover may have protected winter grain from freezing, a sudden thaw could result in substantial flood damage.

Weather conditions this past fall and winter have also been unfavorable in the USSR, particularly for the important winter grain crop--about 30 percent of the annual total. In some of the principal winter grain areas, drought and low temperatures during the fall

months combined with sudden thaws and heavy rains later in the winter to cause damage which might prove substantial. Considerable reseeding is likely to be required this spring.

The livestock sector may also be suffering setbacks. Severe cold is complicating the task of stretching already inadequate feed supplies to cover record numbers of livestock, a condition that could lead to distress slaughtering.

In the Far East, both Communist China and North Vietnam have complained of worsening drought conditions this winter. Peiping has characterized the drought in North China as "the worst in 40 years" and has said that it is getting "worse with each passing day." Kwangtung Province, in South China, is also suffering from abnormally dry conditions, according to Peiping, and cultivation of the early crops is already running into difficulties.

The main threat to the wheat crop in North China will come in about two months when the wheat emerges from its dormancy, but rice and miscellaneous grain crops in South China are in more immediate danger because they mature earlier. Weather observations from US sources substantiate the Chinese reports of unusually dry weather and indicate that rainfall in Kwangtung during December was only about six percent of normal for that month.

Authorities in North Vietnam have admitted that the worsening drought is causing "major difficulties" in widespread areas. Hanoi has further revealed that peasants "in a number of areas" have become so discouraged over persistent drought conditions that they have given up the struggle and left the farms for other employment. With the 1963 crop year off to a poor start, Hanoi faces a continuing tight food supply after three consecutive years of mediocre harvests.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****MIDDLE EAST DEVELOPMENTS**

The new Iraqi regime, having repressed Communist and Qasimist opponents, faces a number of other, somewhat longer range problems which require immediate attention. Among the most important of these is its relations with Mulla Mustafa al-Barzani's rebellious Kurds. A settlement of Kurdish relations with the Iraqi state is likely to be difficult, since the country's new rulers must continue to pose as Arab nationalists who will not sacrifice Arab "interests."

The regime has taken pains to pull a blanket of "positive neutralism" over its naked repression of local Communists. Foreign Minister Shabib and Minister of State Hazim Jawad in press conferences have stressed the country's excellent relations with the USSR and alleged that the quarrel with local Communists is that they were Qasim supporters. The regime has ignored broadcasts by the clandestine Peyk-e Iran radio in Leipzig. This radio, operated by the Iranian Communists, has called for a continued Kurdish rebellion and has characterized the Iraqi regime as "an oppressive, blood-thirsty, and atrocious enemy" brought to power by a "black fascist coup."

Non-Baathist elements have expressed some resentment over the Baathist predominance in the

government, and sharp disagreement within the regime is likely once its component groups begin to discuss longer range aims and policies. The fear of a resurgence of the Communists will tend to keep Baathist and non-Baathist nationalists from a complete falling out, however.

Publicly, Cairo continues to cite the Iraqi coup as an example to be followed by people under the remaining "reactionary" regimes in the area. The clandestine Cairo radio has stridently called upon the Jordanian Army to rise against the "throne of treason" and to destroy King Husayn in his palace.

In Syria, meanwhile, demonstrations for "unity" with Iraq have been held in the wake of Syrian Foreign Minister Mahasin's 15 February declaration in favor of "federation" with Iraq. The Syrian press has also reacted favorably. The Iraqis are apparently embarrassed by the Syrian overture and have limited themselves to expressions relating to general Arab unity and protestations of their high regard for Nasir's UAR.

Leaders of Syria's feuding Baathist factions are attempting to establish close ties with their Iraqi brethren. Michel Aflaq's group, which follows a moderately pro-Nasir line, is likely to be favored by the Iraqis over Akram al-Hawrani's strongly anti-Nasir faction.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****FACTIONAL TENSIONS INCREASING IN LAOS**

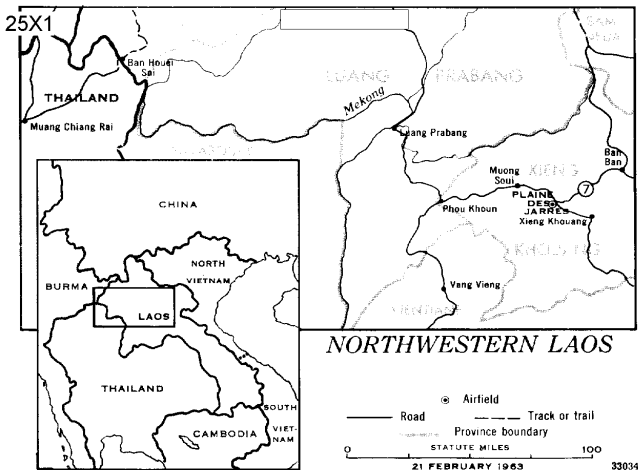
The rift between neutralist and Pathet Lao forces in Laos has deepened and become more open since the assassination on 12 February of Kong Le's field commander in the Plaine des Jarres, Colonel Ketsana. Neutralist spokesmen have publicly accused the Pathet Lao of the killing, although the reaction of Kong Le, the neutralist military leader, thus far has been generally restrained.

The Pathet Lao's military position is considerably stronger than Kong Le's and for better defense he has concentrated his troops in the northern and western portions of the Plaine des Jarres. Token neutralist forces remain as far east as Ban Ban, but Kong Le probably controls only the area extending from the Plaine des Jarres airfield west to Muong Soui on Route 7.

Neither Kong Le nor the Pathet Lao leaders appear to be planning major military moves at this time, although the heightened tensions between them could precipitate a clash. Neutralist Minister of the Interior Pheng Phongsavan has indicated that any punitive

action connected with Ketsana's death would be delayed pending the return in mid-March of King Savang and his party from their tour of countries which signed the Geneva agreements on Laos. Premier Souvanna contemplated returning to Laos immediately after he learned of the assassination, but he apparently now feels sufficiently reassured to accompany the King throughout the remainder of the tour.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOUTH KOREAN CIVILIAN OPPOSITION**

Junta leader Pak Chong-hui's offer of 18 February to withdraw from politics in order to stabilize the political situation in South Korea gives civilian leaders an opportunity to take the initiative to assure a peaceful transition to representative government.

In return for this withdrawal, General Pak has demanded assurances from all leading civilian politicians that they agree to uphold the principles of the revolution and that the participants in the military government be safeguarded against retaliation. Pak would continue to head the government until elections are held later this year and has pledged that he would carry out impartially the return to civilian rule.

Pak's terms are likely to be acceptable. Until the old-line politicians now re-entering political life sort themselves out, however, they will have difficulty taking advantage of the offer. The civilian leaders are divided by long-standing factional differences and personal distrust. Their initial efforts to organize a unified opposition party have faltered over the problem of choosing a party leadership. Each group fears that it would be shut out of real influence unless its man secured the top post. None of the major groups, however, has closed the door to further negotiations.

Ho Chong appears to be the most likely figure around whom the politicians might coalesce. He is a former Rhee lieutenant who broke with the ex-president after serving as acting prime minister in 1951-52. As mayor of Seoul in 1957-59 Ho gained

considerable popular prestige for his honesty and ability. His performance as head of the provisional government that took over after Rhee's ouster in 1960 further enhanced his stature.

Ho has made some efforts to unite the elements opposed to the military regime, and he recently called for another attempt to form a coalition party. His efforts probably are being undercut by former president Yun Po-sun

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As a compromise, the major contending groups may remain independent but settle on a joint candidate, possibly Ho, for this spring's presidential elections. Such a development would appreciably improve prospects for a peaceful transition to the new government.

At the same time, however, there is a possibility that Pak's offer is less than sincere and that he expects the civilian leaders to fail in their attempts to organize. He may believe that in such a situation he would be the only acceptable choice to head the new government.

Pak's withdrawal will be a severe blow to the regime-sponsored Democratic-Republican Party, which now lacks any other potential candidate of comparable stature. Party leader Kim Chong-pil is attempting to preserve his organization and his position in it by placing his supporters in key posts but his own future is in doubt. The party could be counted on to lead a move to draft Pak if a favorable opportunity arose.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****COMMON MARKET DEVELOPMENTS**

The diplomatic struggle over Britain's role in Western Europe has continued during the past week and become--if possible--more complicated than before. There are still efforts within the Common Market to devise an economic and political alternative to Britain's full membership, but London itself is skeptical that an acceptable formula will be found.

Within the past few days, there has been a spate of rumors that Paris may be contemplating an initiative of its own toward an EEC-UK accommodation which would be linked with steps to strengthen the EEC internally.

Despite the strong lead taken by Bonn and Brussels and the basic similarity of their proposals for effecting an interim arrangement for Britain, anything like an agreed position among the "friendly five" has yet to emerge. Belgian and Dutch officials have held several meetings in order to reconcile their differences, but there has been no coordination with Bonn. London is maintaining its bilateral contacts with both endeavors, but has been disappointed by the results so far.

The reports of an impending French initiative--which have been noted in Paris, Brussels, and Bonn--have aroused considerable interest largely because of De Gaulle's (and Adenauer's) past references to the possibility of a UK-EEC association arrangement. Some of these reports have Paris offering Britain a "commercial treaty"; others allege that a more far-reaching EEC-UK association, preceded by some kind of monetary agreement, is envisaged. It has also been suggested that, to limit the political significance of British association, a similar status would be offered to the other Outer Seven members.

In any case, according to the reports, any arrangements made with the UK would be accompanied by measures to strengthen the EEC internally. This is variously interpreted to mean institutional reforms or early adoption of the EEC Commission's "action program" to accelerate the achievement of full economic union.

Even if such an initiative materialized, it would be difficult to judge its purpose. Although obstructionist opposition among the other five to "business

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as usual" in the EEC has tended to evaporate, there would nonetheless be considerable opposition to accelerating the EEC's projected tariff cuts and institutional changes--especially at the risk of widening the gap with Britain. It is therefore conceivable that De Gaulle--if he desires to proceed with the rapid organization of the Continent--may sooner or later find it expedient to make a gesture both to Britain and to those of the Six who have long been devoted to such ideas as institutional reform.

It is also conceivable, however, that the French are floating such rumors for more immediate tactical reasons. The French press has quoted "authorized official sources" as saying any association agreement with Britain would have to be preceded by EEC ratification of the African association convention and settlement of outstanding problems regarding the EEC's common agricultural policy.

The US Mission to the EEC has also noted with special

interest press reports that Paris believes "financial arrangements" would have to be the first part of any agreement with Britain. Although "the problem of the sterling area" was never seriously considered in the Brussels talks, the mission observes, the French have seemed to regard this issue as a reserve "trump card" to prevent a UK-EEC agreement.

In any case, it continues to be evident that Britain will have difficulty in matching the superior diplomacy which Paris has always brought to its European policy.

At the 18-19 February meeting of the Outer Seven ministers, Austria announced its intention to pursue its bid for association with the EEC, despite the resolve of the other members to resume talks with the Common Market only when France gives guarantees of good faith. Vienna has long been convinced of De Gaulle's special sympathy for Austria--a sympathy he has also managed to convey to Copenhagen. Denmark's economic need for a tie with the Common Market is scarcely less pressing than Austria's.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****THE ARGENTINE POLITICAL SCENE**

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Increasing political maneuvering is further straining Argentina's fragile stability. A key problem is the role to be played by the Peronists, who comprise about one quarter of the electorate, in the June general elections. This issue has caused serious divisions among the Peronists themselves, as well as among other political and military groups.

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Various non-Peronist political parties are competing for Peronist support in a national front, counting on the government to keep the Peronists from presenting candidates for top government posts. To curry Peronist favor, representatives of seven political parties demanded in late January that the government remove the legal ban against open Peronist political activity. These parties correctly anticipated that the government would maintain the ban, which, if lifted, would jeopardize their own fortunes. The Peronists are exploiting this opportunistic gambit, and are claiming that 80 percent of the electorate support their demands to campaign on an openly pro-Peron ticket.

The armed forces have made clear that they will not accept return of the Peron dictatorship, but will agree to the Peronists' campaigning on a basis of Peronism without Peron.

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It is unlikely that Peron would feel bound by any commitment. A spokesman for Peron in Madrid has denied that Peron agreed to any electoral deal, and indicated that instead Peronists would follow a strategy of "contingency planning" until the elections. This apparently could involve recourse to revolutionary action if it appeared likely to succeed. Such a possibility may have been discussed at a meeting of several Peronist leaders in Montevideo--only five days after the Buenos Aires agreement. The Montevideo meeting included Dr. Raul Matera, Peronist chief in Argentina, and reportedly Luis Albamonte, who favors a revolutionary line and aid from Cuba.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****PRE-INAUGURAL SITUATION IN THE DOMINICAN REPUBLIC**

President-elect Bosch of the Dominican Republic, just returned from a two-month trip abroad, has attacked what he calls "vested interests" and may be preparing action that would lead to a major political crisis. In a press interview, on 17 February, described by the US Embassy as "disappointingly demagogic," he claimed that he had obtained "three times as much aid" in Europe as in the US.

Bosch's remarks on the proposed constitution, which he said should be "revolutionary," gave an impression that he backs those features that appear hostile to private property, business, and foreign investment. He is apparently already at sword's point with members of the outgoing regime, [REDACTED]

The embassy comments that Bosch's comments on the constitution "can only have succeeded in frightening the business and propertied classes." In general, his remarks appeared to clash with, and may damage the fruits of, his own efforts in the US and Europe to get development aid for the Dominican Republic.

The majority of Dominicans favor, or have become reconciled to, the need for social and economic reform. Members of the propertied classes and conservative-minded leaders of the outgoing administration, however, were deeply alarmed over the new constitution draft's lack of specific guarantees for property rights and over its broad framework--which if fully used would amount to a radical reform.

Officers of the armed forces almost unanimously expressed their apprehensions that the proposed constitution would discourage foreign investments necessary to the country's economic progress, and many of the military termed it a "Communist document." The armed forces, although they still appeared disposed to support the incoming government at the time of Bosch's return, have been put on their guard and will be alert to any trend they consider likely to lead to the left. Widespread reports that Bosch may give important positions in his government to some of the several extreme leftists and persons with unsavory reputations who have been seen in his entourage will increase apprehension among the military.

Military leaders also are expressing increased concern over the role of Brigadier General Antonio Imbert and Luis Amiana--the two survivors of the group which assassinated dictator Trujillo--in the rapid growth of the national police force and over the force's efforts to acquire weapons of a variety more properly associated with the mission of the armed forces. The military officer corps objects to the large expenditures by the police, which in turn reduce budget allocations needed by the armed forces to complete their transformation into small but well-equipped and trained units.

Despite the complaints of the military, which they will probably raise with Bosch when he takes office, Imbert especially does not appear ready to relinquish the power that he has gained as a member of the outgoing regime. [REDACTED]

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Bosch's unstable temperament has already caused complications in pre-inaugural planning. Upon his election last December, he apparently had few plans worked out in detail for taking control of the government. One of the purposes of his trip abroad appears to have been to gain time to formulate policies for his administration.

Bosch's lieutenants, the leaders of the Dominican Revolutionary Party (PRD), were given only broadly outlined instructions on what to do in his absence. For the inaugural they were told to include "no receptions, decorations, or military." Bosch added, "Now we have the people's inaugural." A large and heterogeneous collection of the hemisphere's political moderates and members

of the democratic left have been invited to attend. Bosch ordered, however, that officials representing dictatorships and legally questionable regimes were not to be invited, even if this resulted in breaks in diplomatic relations. Among the several governments that did not receive official invitations is Argentina.

With the Dominican military relegated to the background, security preparations for the inauguration have proved difficult to arrange.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****INDONESIA'S CAMPAIGN AGAINST MALAYSIA**

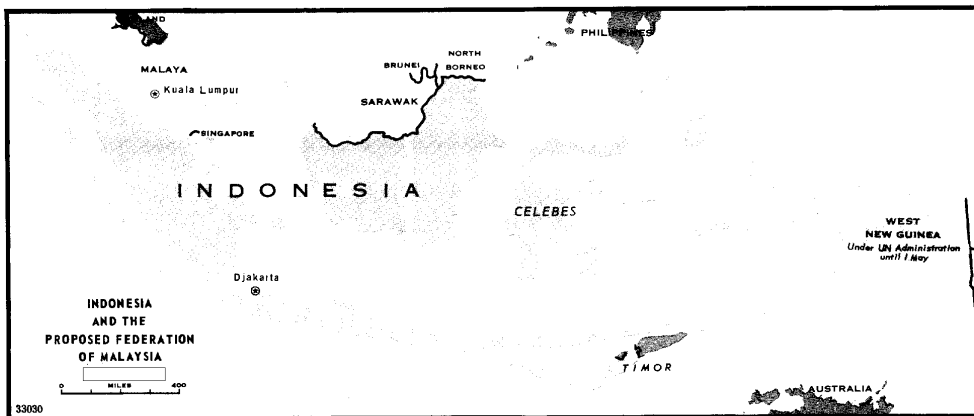
As the fifth largest country in the world and with strength unequalled in Southeast Asia, Indonesia appears to be increasingly obsessed by the idea of great-power status. President Sukarno and other Indonesian leaders regard as inimical any development which might retard Indonesian expansion. Such a development is the proposed Federation of Malaysia, which is to be composed of Malaya, Singapore, and the British territories of Sarawak, Brunei, and North Borneo, and is scheduled to be formed by this August.

Indonesia's Motivation

[] Sukarno, who sees himself as a divinely inspired leader who will lead "his people" to national unity, apparently is also dreaming of presiding over a new Indonesian empire. His favorite character in the Hindu epic drama, to which he is devoted, is the "warrior king."

A significant factor in expansionist thinking apparently is the belief that Indonesia ultimately will have to defend itself and the surrounding area against Chinese Communist influence or even attack.

Indonesian interest in the Borneo territories as a logical area of expansion is stimulated by geographic contiguity, historic claims, and ethnic ties with two of the area's principal groups--the Malays and the indigenous tribes people. []

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The Indonesians' emotions on the Borneo issue are the more intense because the revolutionary philosophy and emotional bias of most of Indonesia's leaders and of much of the Indonesian public are almost diametrically opposed to the outlook of Malaya's leaders. Indonesian foreign policy, although officially nonaligned, has strong anti-Western undertones. Malaya still associates itself closely with the West, and the backers of the Malaysia concept intend that the federation adopt a similar posture. Malayan Prime Minister Rahman in particular appears to Djakarta to be a tool of the British.

Domestically, the anti-Malaysian campaign serves Sukarno much as did the campaign to take over West New Guinea. Perhaps most important, it channels the energies of the anti-Communist army and the Communist Party toward a common goal. Sukarno retains his pre-eminent position in great part by balancing off these two major internal power factors, and he has long insisted that in the interests of national unity he wants them to work in the same direction rather than counter to each other. An anti-Communist army which is not pre-occupied with external military operations apparently poses in Sukarno's mind a threat to his personal position, to national unity, and to his political aspirations.

At the same time Sukarno almost certainly believes that

by pursuing an anti-Malaysia policy he is keeping ahead of the local Communists, who have been pressing the issue themselves through propaganda in Indonesia and through agents of their own in Borneo.

Direct bloc encouragement of Indonesia's Malaysia policy has not been firmly documented.

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Moreover, Indonesia's massive purchases of arms, chiefly from the Soviet Union, made it possible for Sukarno to settle the West New Guinea dispute in his favor and have enabled him to strike his present attitude toward Malaya. Indonesia may well cite its anti-imperialist policy on Malaysia as an argument to persuade the USSR to reschedule and extend payments on Djakarta's \$650-million debt for arms purchases.

An ever-present motivation for all Sukarno's external adventures is the need to divert attention from Indonesia's chronic economic problems--problems for which he has little taste and less talent.

Indonesia's Timing

The timing of Indonesia's moves and the change in Indonesia's policy from the vaguely stated and generalized opposition to Malaysia last fall to intense hostility in mid-January seems to have resulted from a series of factors.

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of 1958 and Malayan expansionist designs on Sumatra at that time. He added that Rahman's hostility toward Indonesia indicated that he might be "a tool of international conspiracy" against Indonesia.

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Sukarno stated in a 12 February speech that Indonesia considers Malaysia as "encirclement of the Indonesian Republic ...the product of the brains and efforts of neocolonialism" meant to protect the economic investments of the imperialists. He reiterated Indonesia's sympathy with the "struggle of the people of North Borneo."

Indonesian Military Moves

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On 20 January, Subandrio announced Indonesia's policy of "confrontation" against Malaya--all opposition short of war. At that time he denounced Malaya as an accomplice of the neo-colonialists and imperialists and accused the Malayan Government of hostility toward Indonesia.

Since then the level of vituperation has risen almost daily. Subandrio warned on 11 February that incidents and even war with Malaya might follow the establishment of the Malaysia Federation. He catalogued a series of unfriendly acts by Prime Minister Rahman which included active support of Indonesian rebels in the provincial rebellion

In mid-January both Subandrio and National Security Minister Nasution told American officials that if "independence seekers" in the North Borneo territories request military training,

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Indonesia would comply. Indonesian ground forces in Indonesian Borneo consist of eight infantry battalions, one of which is a commando unit.

On 30 January Indonesia announced that it was carrying out air and naval patrols of its sea borders with Malaya, and its land boundaries with British Borneo.

limited extent in their anti-Malaysian policies. The Philippine Government allowed Azahari to depart. Indonesia has promised to respect the Philippine claim to North Borneo if the inhabitants prefer Philippine administration to some other arrangement. The Philippines took a pro-Indonesian position at the London talks of 28 January to 1 February. This apparently resulted, however, not from any prearrangement with Djakarta but from an independent assessment in Manila that Indonesia is the coming power in southeastern Asia.

Outlook

Whether Malaysia is established or not, Indonesian strategy over the next few years appears from a number of reports to be first to foster and support an indigenous independence movement in non-Indonesian Borneo; later either to establish there puppet states subservient to Indonesia or to absorb the area directly; and eventually to topple the liberal government of Prime Minister Abdul Rahman in Malaya itself in favor of a "progressive" leftist government sympathetic and probably subservient to Indonesia.

Philippine Involvement

Djakarta and Manila apparently are collaborating to a

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